

**Joint Legislative Oversight Committee
on Capital Improvements**

Connect NC Bond Update

**Office of State Budget and Management
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Purpose of Presentation

- Overview of the Connect NC Bond Act
- Expenditures vs. Forecast
- Bond Issue Forecast and Debt Service
- Project Status Update

Associated Handout: FY 2019-20 Second Quarter total expenditure by all sources of funds



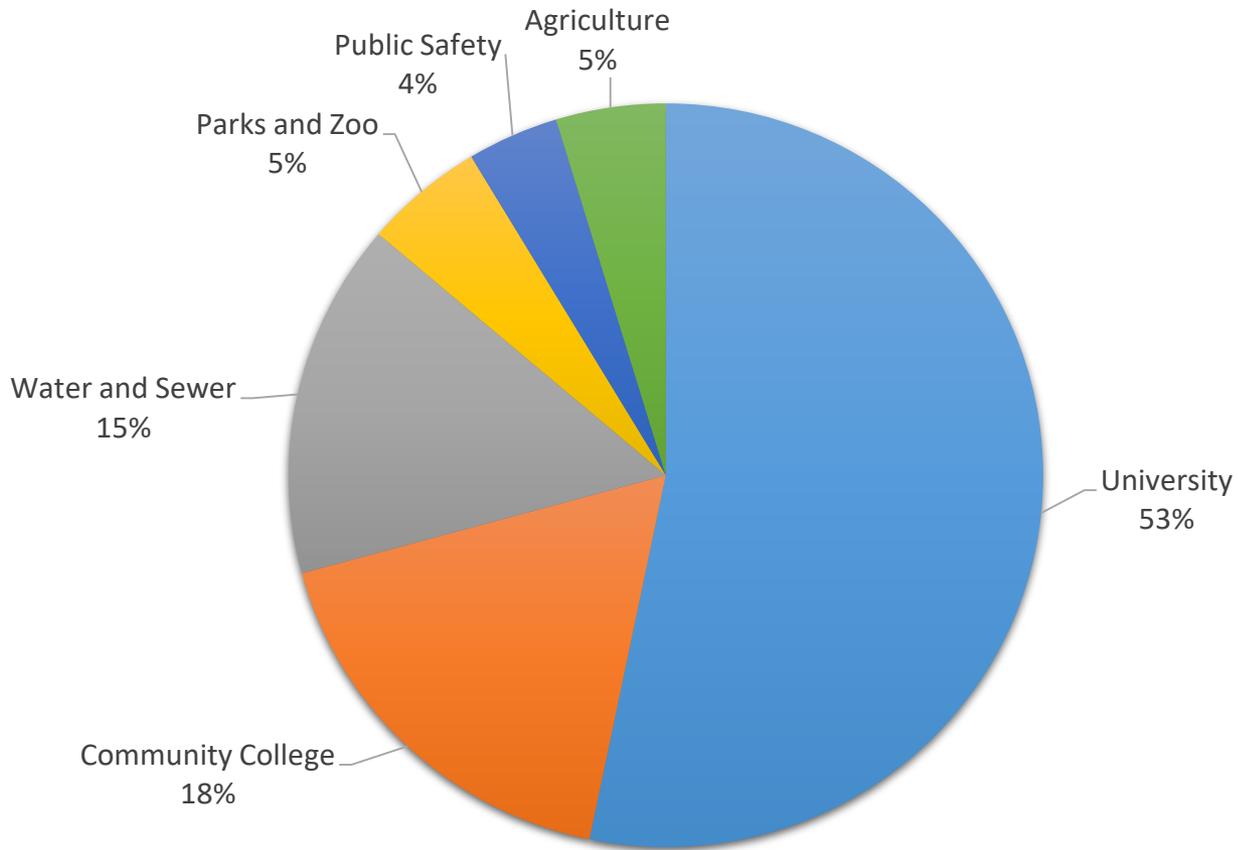
General Information

- The Connect NC Bond Act was passed by the General Assembly in 2015 and approved by the Voters in March 2016
- The Connect NC Bond is a \$2 Billion General Obligation bond program supporting University, Community College, Public Safety, State and Local Parks, NC Zoo, and Agriculture



Total Allocation

Connect NC Bond: Total Allocation (\$2 Billion)

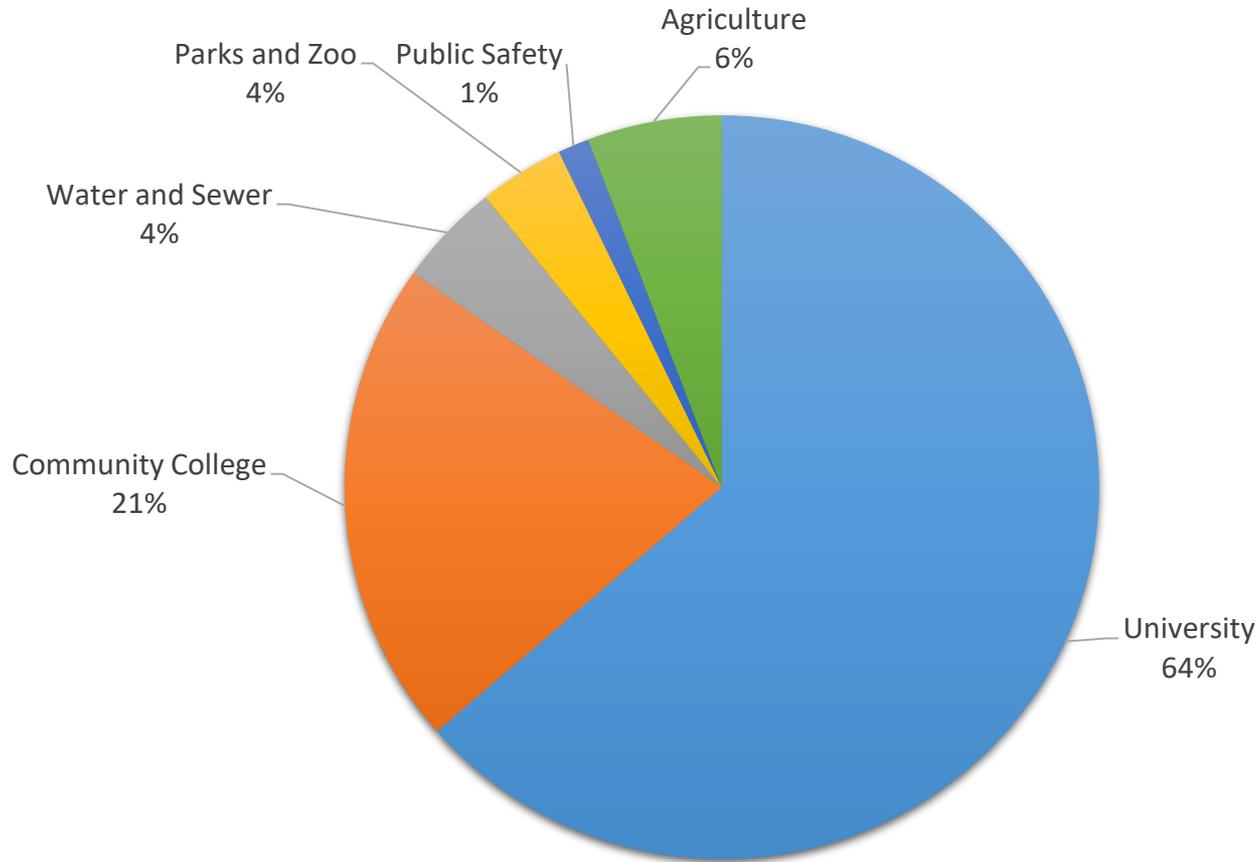


Agriculture includes only the Department of Agriculture and Consumer Services Project. The Plant Sciences Building is included in the University Total



Current Total Expenditures

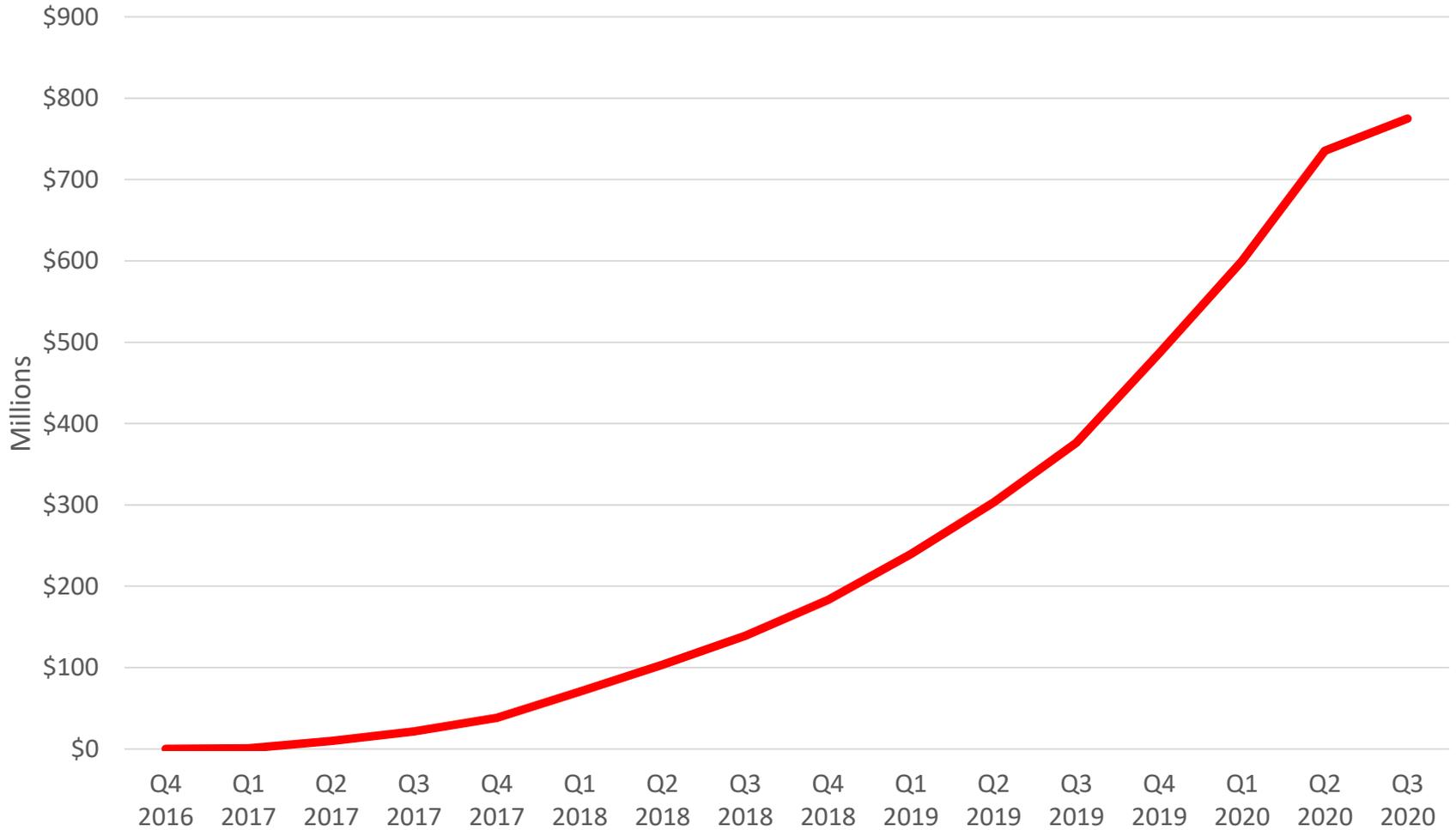
Connect NC Bond: Current Expenditures (\$789.0 Million)



Agriculture includes only the Department of Agriculture and Consumer Services Project. The Plant Sciences Building is included in the University Total



Current Expenditures: Cumulative





OSBM Review of Cash Flow Projections

- OSBM meets with Connect NC Bond recipients to review cash flow submissions and make adjustments, as needed.
- OSBM also models cash flow projections based on actual draws.
- OSBM and the State Treasurer recommend bond issuances on projected expenditure need
- As an example, prior to the last 2019 Connect NC Bond Issuance, OSBM recommended a reduction of \$110 million – which saved millions in debt service.



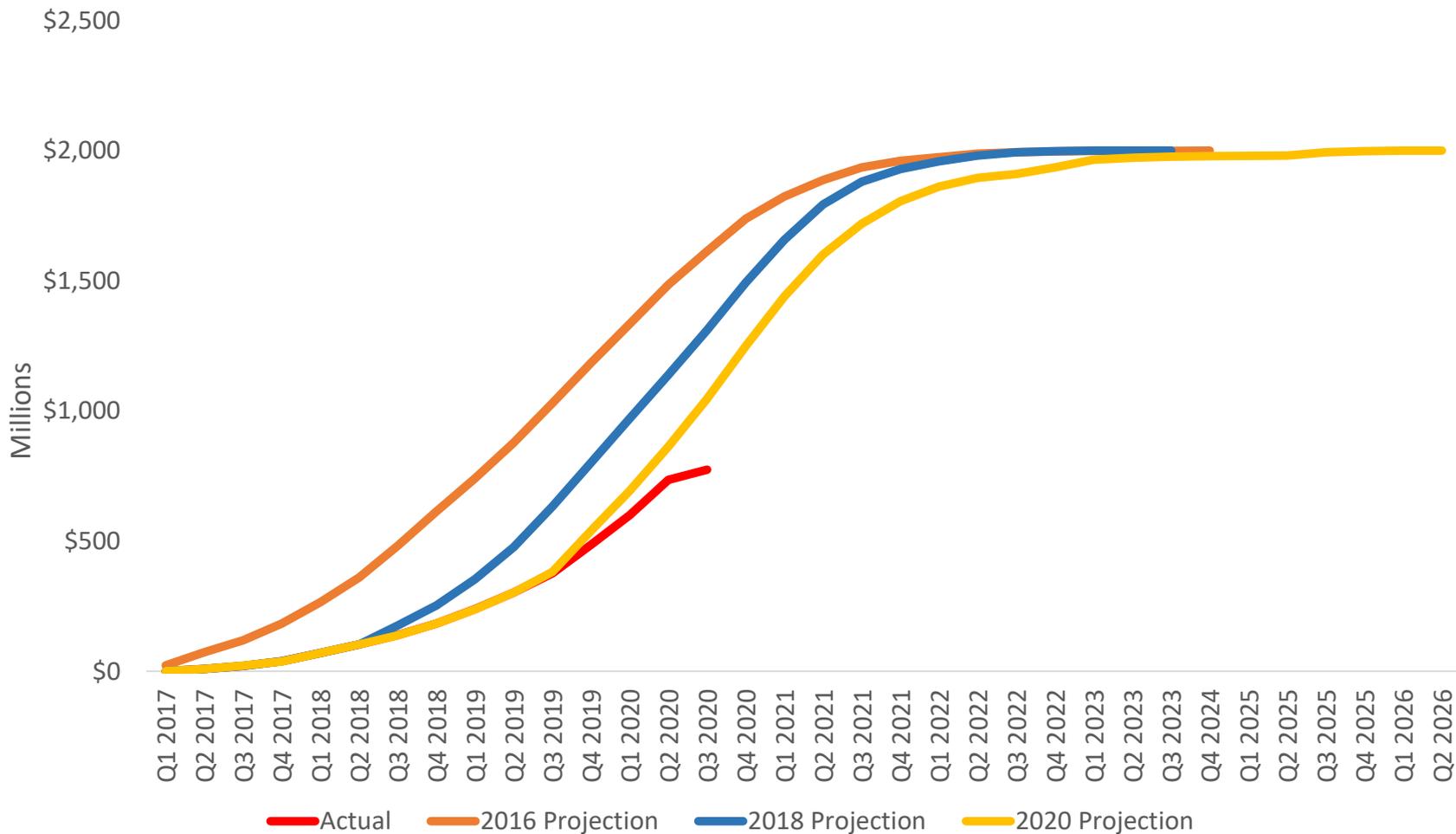
2018 Appropriations Act

2018 Appropriations Act appropriated \$68.4 million in additional funds to several Connect NC Bond projects:

- OSBM required those receiving supplemental funds to expend funds prior to requesting bond proceeds
- Expenditure of General Funds reduced the current bond issue and reduces idle cash.

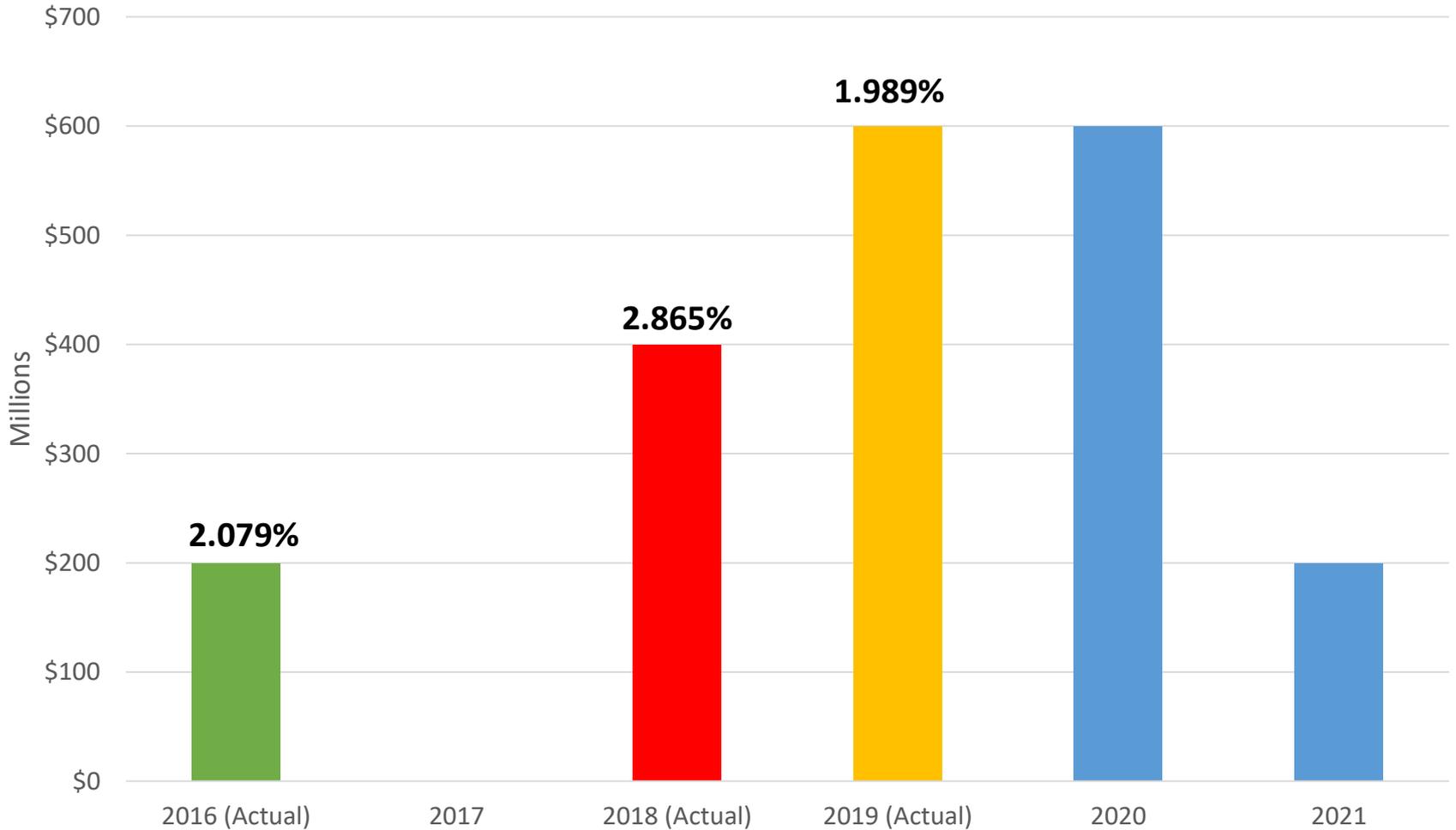


Projected Expenditures vs. Actual



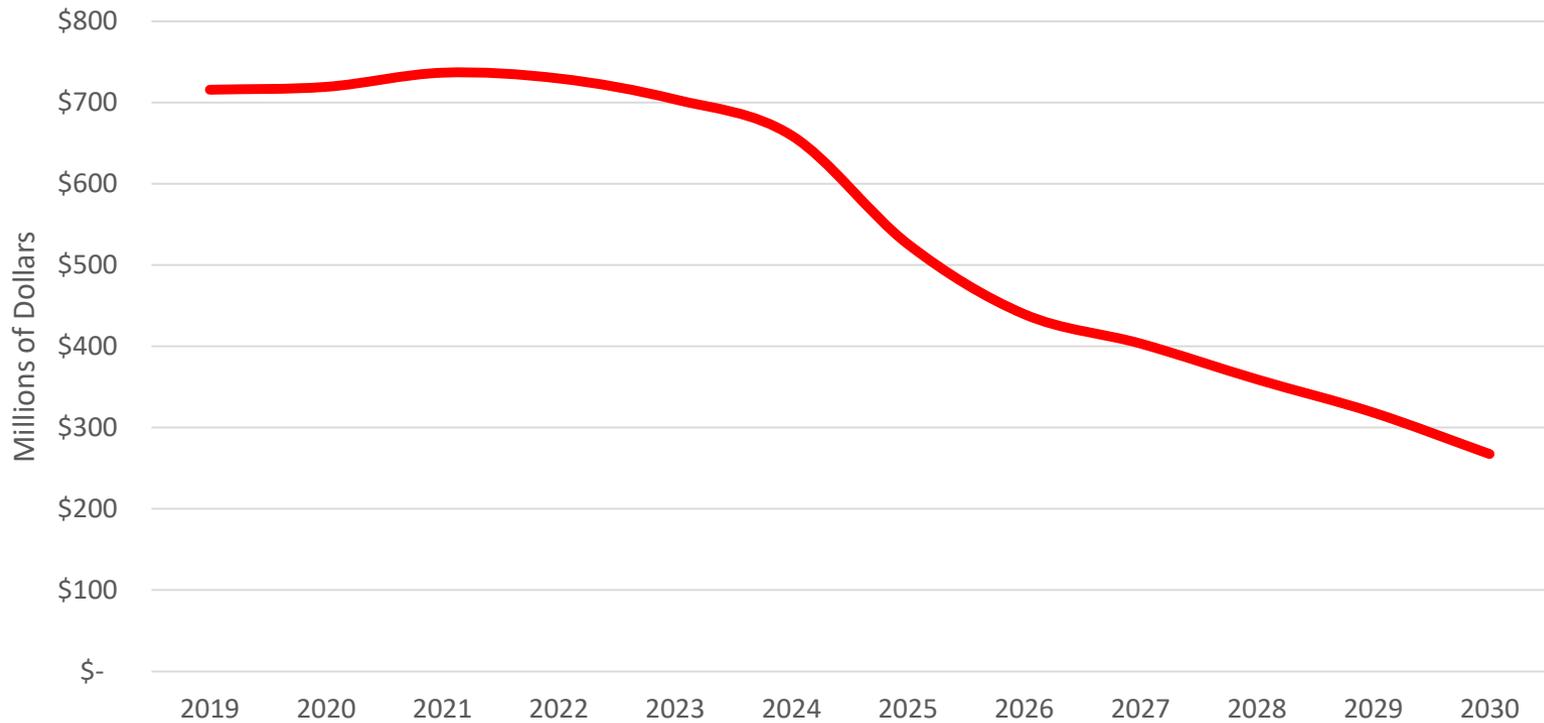


Actual and Projected Bond Issuance Schedule with Interest Rates



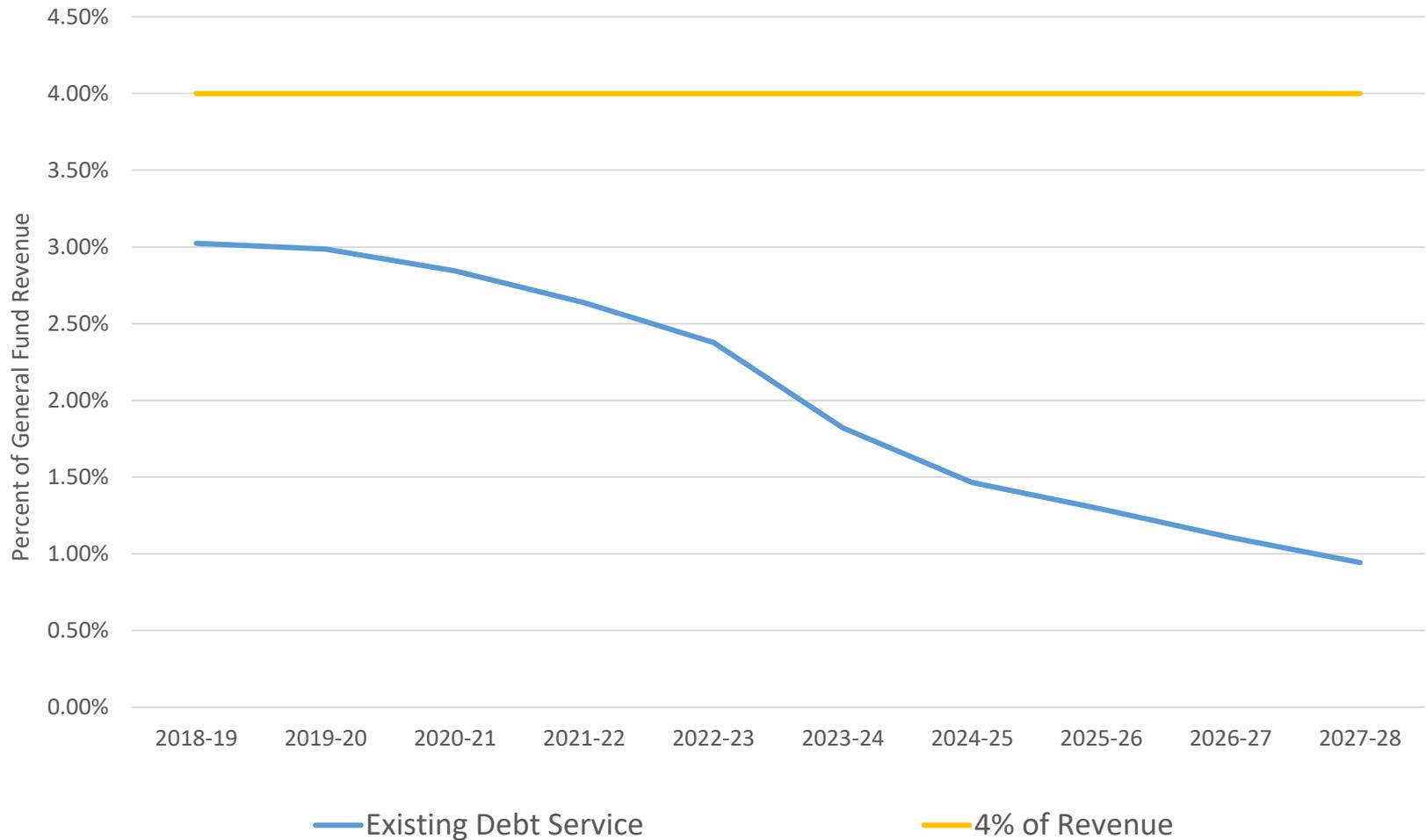


Debt Service Expenditures (Budgeted and Forecast)





Impact on Debt Service: Debt Affordability





University of North Carolina Projects

University of North Carolina received 21 total projects with an estimated completion schedule of:

- **Two** - Complete (App State and Winston Salem State)
- **One** - coming online in Fiscal Year 2019-20
- **Thirteen** - coming online in Fiscal Year 2020-21
- **Four** - coming online in Fiscal Year 2021-22
- **One** - coming online in Fiscal Year 2022-23



Project Example: Appalachian State



Beaver College of Health Sciences - Complete



Project Example: Winston Salem State





Project Example: NC State



Engineering Building Oval – Estimated Complete FY 2020-21



Department of Agriculture and Consumer Services

Agriculture Science Center:

- \$94 million Connect NC
- \$13 million General Fund supplement

Consolidates Food and Drug Protection, Standards, Structural Pest Control and Pesticides, and Veterinary laboratory facilities into one location.

- 56% Complete
- Anticipated Opening Dec. 2020 (FY 2020-21)



Agriculture and Consumer Services: Project Photo





North Carolina Community Colleges Project Update

North Carolina Community Colleges Received \$350 million for Repairs and Renovations and New Capital Projects:

- **123** Active Repair and Renovation Projects
- **77** Complete Repair and Renovation Projects

- **58** Active New Capital Projects
- **15** Complete New Capital Projects



Community College: Example Project

Randolph Community College, Asheboro, NC Robert S. Shackleford Allied Health Center

Single Prime Contractor/Design-Bid-Build Project Delivery Method
Construction Budget: \$14,450,000 (Connect NC Bond Portion: \$5,086,842)
Contract Completion date: March 2020





Community College: Example Project

Wayne Community College, Goldsboro, NC

Auto/Collision Program Building

Design-Build Project Delivery Method

Construction Budget: \$7,000,000 (Connect NC Bond Portion: \$3,000,000)

Contract Completion date: June 2020





Community College: Example Project

Davidson County Community College, Lexington, NC Health Sciences Building

Construction Management at Risk Project Delivery Method
Construction Budget: \$13,167,996 (Connect NC Bond Portion: \$2,600,000)
Contract Completion date: June 2018





Natural and Cultural Resources

Department received \$103 million in Connect NC Bond projects for:

- North Carolina Zoo (\$25 million)
 - Australia/Asia in construction
- North Carolina Parks (\$75 million)
- Local Parks for Disabled Veterans and Youth (\$3 million)
 - All projects awarded: 48.05% expended
 - 18 projects funded throughout the state



Local Parks for Disabled Veterans and Youth



Crooked Creek ADA Accessible Playground: Indian Trail, NC



Department of Natural and Cultural Resources: North Carolina Parks

Capital Projects:

- **Eight** Capital Projects Complete
- **Six** Capital Projects Under Construction or at Bid
- **Six** in Design Phase
- **Sixteen** Outstanding

Land Acquisition:

- **Seven** Land Acquisitions Compete
- **One** Land Acquisition Ongoing



North Carolina State Park: Project Example



Cliffs of Neuse State Park Campground Improvements



North Carolina Park: Project Example



Pilot Mountain State Park Visitor Center



North Carolina Parks: Land Acquisition



Mount Jefferson Land Acquisition



Department of Public Safety

Department of Public Safety received Four Projects:

- Phase Two of Samarcand Training Academy
 - Five Buildings Complete

- Three new National Guard Readiness Centers
 - Burke County (in construction) – Completion Dec. 2022
 - Guilford County (in design) – Completion June 2023
 - Wilkes County (in design) - TBD



Department of Public Safety: Samarcand



Carroll Hall Renovation



Department of Public Safety: Readiness Center



Burke County Readiness Center



Local Water and Sewer Infrastructure received:

- \$154.75 million for Waste Water Grants and Loans
 - 55 Awarded – Not Yet Received Funds
 - 15 In Construction – Receiving Funds
- \$154.75 million for Drinking Water Grants and Loans
 - 85 Awarded – Not Yet Received Funds
 - 21 In Construction – Receiving Funds
 - 3 Complete



Impact on Operating Budgets

The opening of capital projects at State Agencies and Universities requires increased appropriation to operate and maintain buildings. Several buildings projected to open this biennium do not have funding to open. They include:

- Original cost estimates for the Connect NC Bond (2015) were an additional \$46.3 million recurring once all projects were online
- Key projects awaiting funds are at State Agencies (Parks and Agriculture) and UNC.



Project Reserve

Connect NC Bond Act required that the funds budgeted for escalation at State Agency and UNC projects be held in reserve to address unforeseen project needs or inflation related increases:

- \$58.7 million in escalation reserves held
- \$31.4 million has been approved for release
 - Majority of releases due to inflation.



Questions

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